

CNP Assurances Measures to Reduce Earnings Volatility First-half 2007

12 September 2007



Measures to Reduce Earnings Volatility 1/4

- Observation: equity funds classified as trading securities generate earnings volatility due to remeasurement at fair value to reflect changes in the financial markets which are recognised through profit.
- After defining analysis criteria, we have come up with a method of reducing earnings sensitivity, with the aim of:
 - ➤ Limiting the volatility generated by short-term changes in the financial markets, which are inconsistent with our longer-term approach to asset/liability management (ALM).
 - > Reporting earnings figures that reflect our underlying ALM performance, by using consistent reporting systems.
 - > Ensuring that we have the ability to implement robust ALM processes

▼ Solutions:

- ➤ Hedging programmes for these securities (in 2007)
- > Phased sale of units in these equity funds
- > Improved disclosure of recurring profit through enhanced allocation of gains and losses above and below EBIT

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- Enhanced allocation of gains and losses above and below EBIT:
 - ↔ Realized gains and losses on AFS recognised separately from realized gains and losses on trading securities
 - 1 Realized gains no longer limited to proprietary portfolios
 - Realized gains on equities classified as AFS combined with other-than-temporary impairment losses
 - Realized gains on investment property combined with realized gains on equities classified as AFS

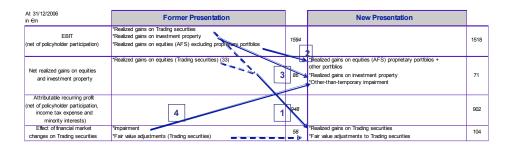
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Analysis of the changes at 31 December 2006



■ Reported net profit is unchanged

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Summary

		30/06/2006	30/06/2006 Desensitization	31/12/2006
	ЕВІТ	645	636	1,594
	- Finance costs & Associates	-24	-24	-59
	- Income tax expense	-207	-195	-431
	- Minority interests	-112	-107	-242
Attributable to equity holders	Recurring profit before capital gains	302	310	862
	Net realized gains on equities and investment property/realized gains on equities held in propi	44	12	86
	Recurring profit	346	322	948
	+/- Effect of financial market changes on Trading securities/Fair value adjustments	-65	-41	58
	+ Effect of Finance Act			139
	Reported net profit (income statement)	280	280	1,145

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